



UMDONI MUNICIPALITY

THE J.E.W.E.L OF THE SOUTH COAST

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK BUDGET

2020/21 FINANCIAL YEAR

TABLED AS DRAFT

25th MARCH 2019



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1.1 MAYORS REPORT

The 2020/21 budget of Umdoni Municipality has been prepared in line with the Integrated Development Plan (IDP), National development plan (NDP) and MFMA relevant circulars issued for further guidance. The development priorities as outlined in the IDP and NDP 2020 have been taken into consideration. The 2020/21 budget has been prepared during the period where the South African Economy is in crisis. Over the past year, economic growth has been weaker than forecasted and is only expected to reach 0.9 per cent in 2020. The 2021 budget highlights the difficult economic and fiscal choices confronting government over the next several years. Umdoni Municipality has also been affected by the economic realities facing the country as whole. The effect of the recession impacts negatively on the revenue collection and thus on delivering services.

Umdoni Municipality had expanded after the merger with the erstwhile Vulamehlo Municipality. Service delivery challenges have also escalated and yet the resources are limited. The 2020/21 reviewed IDP took into cognisance the service delivery backlog faced by the municipality and the appalling state of the infrastructure. This budget has been prepared to give effect to the eradication of that backlog and the necessary maintenance of the infrastructure.

A significant portion of the budget has been allocated towards roads, community facilities and sports facilities. The budget was fundamentally prepared around these main priorities. To further depict the capital budget; major allocations have been made as follows;

- 51,41% allocated towards Infrastructure
- 24.20% allocated towards Community Facilities
- 24.39% allocated towards Sport and Recreation Facilities

The operational budget has been prepared taking into cognisance of the current economic conditions as well historical performance of the municipality. Tariffs have been increased by the CPI (Consumer Price Inflation), which is currently 4.5%. The same rate has been applied across the operating expenditure categories (where the incremental budgeting approach was necessary) except for Employee related costs and the Remuneration of Councillors.

In overview, the operating expenditure has decreased by 7.44% and the total income has decreased by 4.67% when compared with the recently adopted Adjustment Budget. Income was budgeted more realistically and reflects the municipality's ability to collect this revenue.

As the municipality is implementing cost containment measures, expenditure has been restricted as far as possible. Service delivery needs were given the priority over funds whilst administrative expenditure was reduced. As the municipality is currently faced with low revenue collections, an



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effort has been made to reduce expenditure on employee costs; until we're financially viable and that sustainable municipal services are provided economically and equitably to all communities.

Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. Umdoni Municipality is faced with the challenge of limited resources with more service delivery needs to be fulfilled. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

The budget presented shows our commitment to the community and its well-being. The fundamental point of this budget is on maintaining the road network, upgrading community facilities and constructing sports and recreational facilities. Furthermore, non-priority spending has been curtailed in order to invest more funds towards service delivery.

It is anticipated that this budget will empower the municipality to move towards achieving the strategic objectives and serve the community to the best of its abilities.

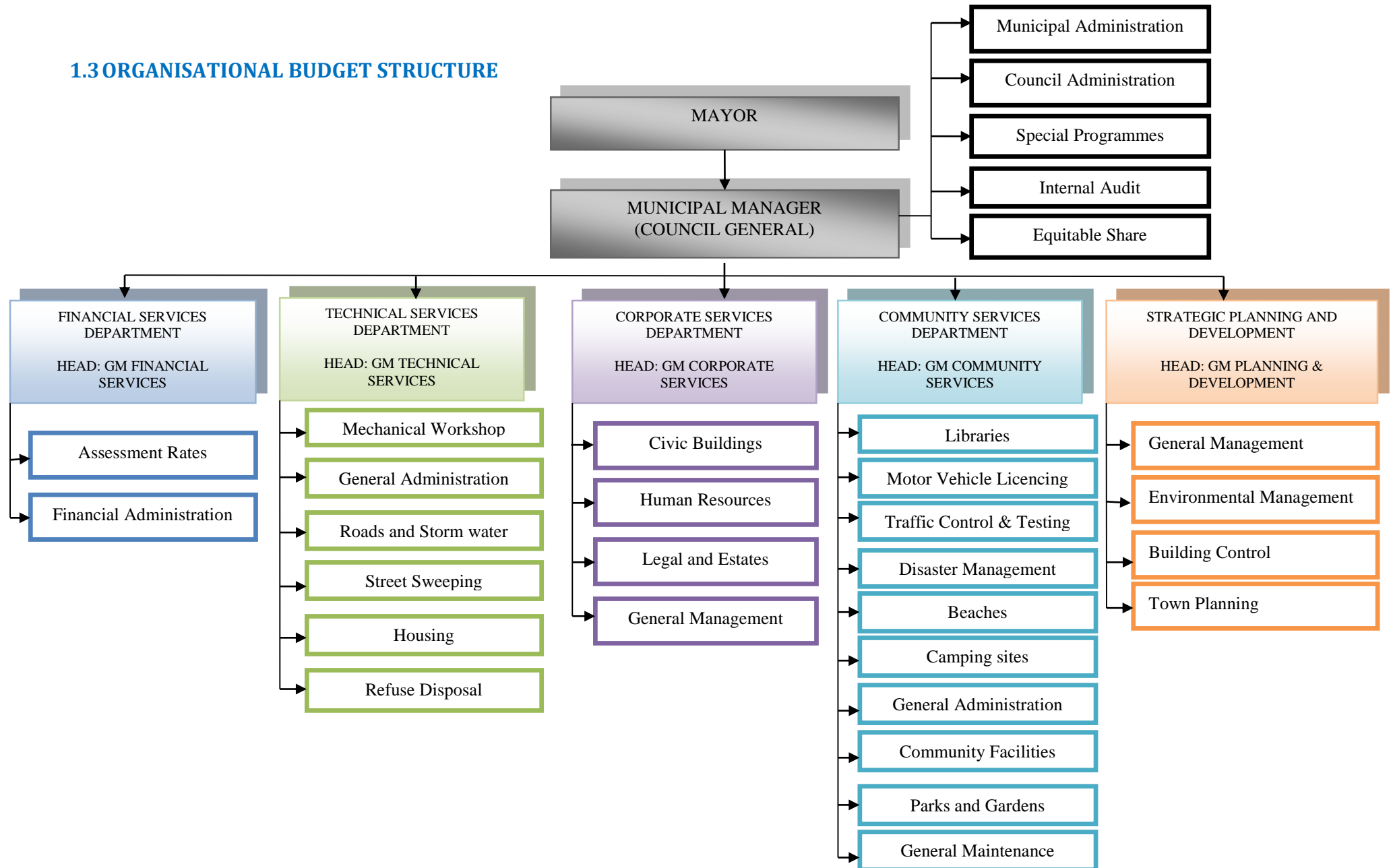
1.2 RESOLUTIONS

As required in terms of Section 16(2) of the Municipal Finance Management Act, No.56 of 2003, the Mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

The following resolutions are tabled for consideration as resolutions for draft budget which is subject to public consultation with the stakeholders;

- 1.1 That the draft annual capital and operating budgets of the municipality for the financial year 2020/21 are tabled as a Draft Budget for public consultation as set out in the following schedules:
 - a) Budgeted Financial Performance Summary by Revenue Source and Expenditure by Category as reflected in Annexure 1;
 - b) Budgeted Financial Performance - revenue and expenditure by municipal vote as reflected in Annexure 2;
 - c) Budgeted Financial Performance - revenue and expenditure by GFS as reflected in Annexure 3;
 - d) Budgeted Capital Expenditure by vote, GFS classification and funding as reflected in Annexure 4; and
- 1.2 That the Draft Tariff of Charges reflected in Annexure 6 is tabled for public consultation for the 2020/21 financial year.
- 1.3 That the property rates randages and rebates have been reviewed; are tabled as draft for the 2020/21 financial year.
- 1.4 The A1 budget tables as presented are tabled as draft for consultation

1.3 ORGANISATIONAL BUDGET STRUCTURE



1.4 EXECUTIVE SUMMARY OF THE DRAFT 2020/21 BUDGET

1.4.1 VISION, MISSION AND OBJECTIVES OF THE UMDONI MUNICIPALITY

VISION

“BY 2030 UMDONI WILL BE THE **JEWEL** OF THE SOUTH COAST.”

MISSION STATEMENT

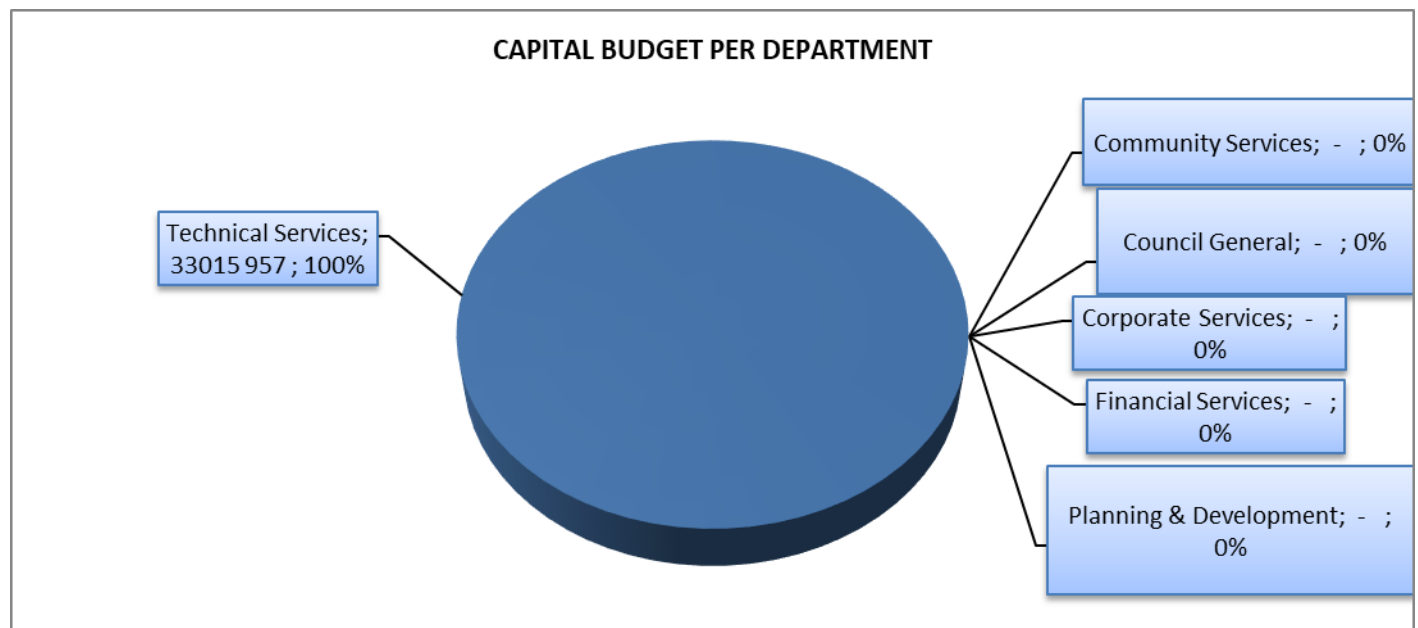
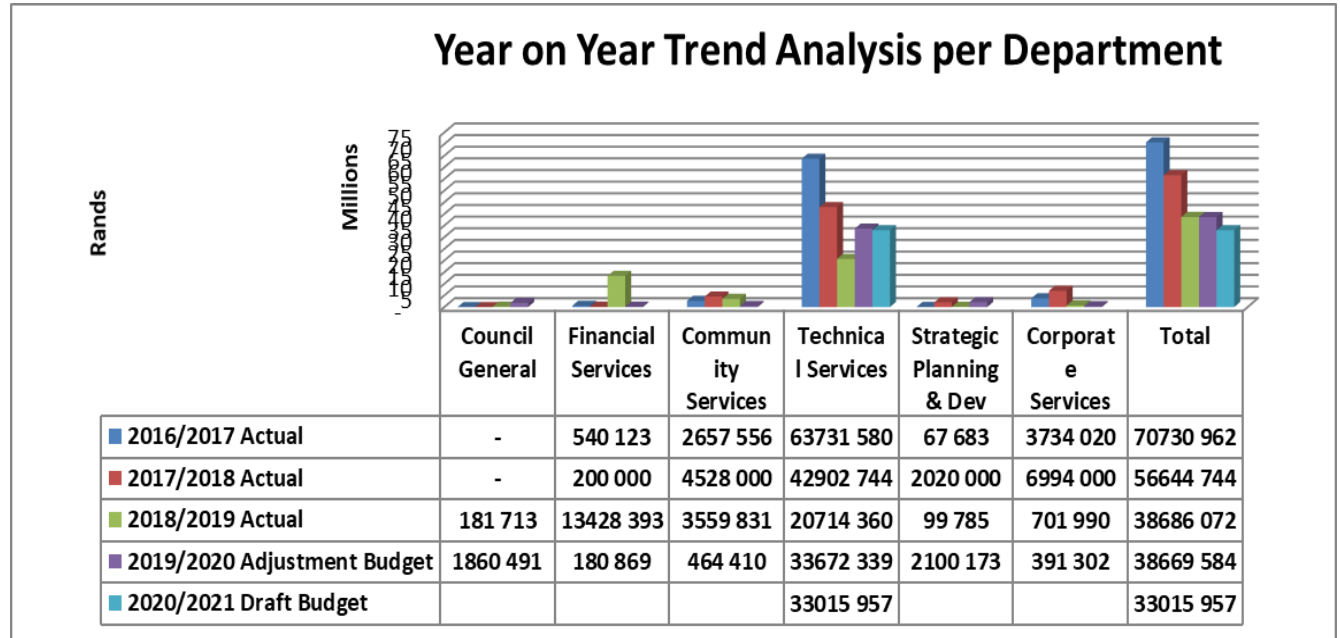
PRINCIPALS OF UMDONI MUNICIPALITY

“WORKING TOGETHER IN CONTRIBUTING TO **JOB** CREATION, **ECONOMIC VIABILITY** THROUGH SUSTAINED **LOCAL ECONOMIC DEVELOPMENT** TO ENSURE THE **WELL BEING** OF OUR COMMUNITY IN **ECO FRIENDLY** ENVIRONMENT.”

- **JOB CREATION**
- **ECONOMIC VIABILITY**
- **WELLBEING OF THE COMMUNITY**
- **ENVIRONMENTALLY FRIENDLY ENVIRONMENT**
- **LOCAL ECONOMIC DEVELOPMENT**

1.4.2 2020/21 CAPITAL BUDGET OVERVIEW

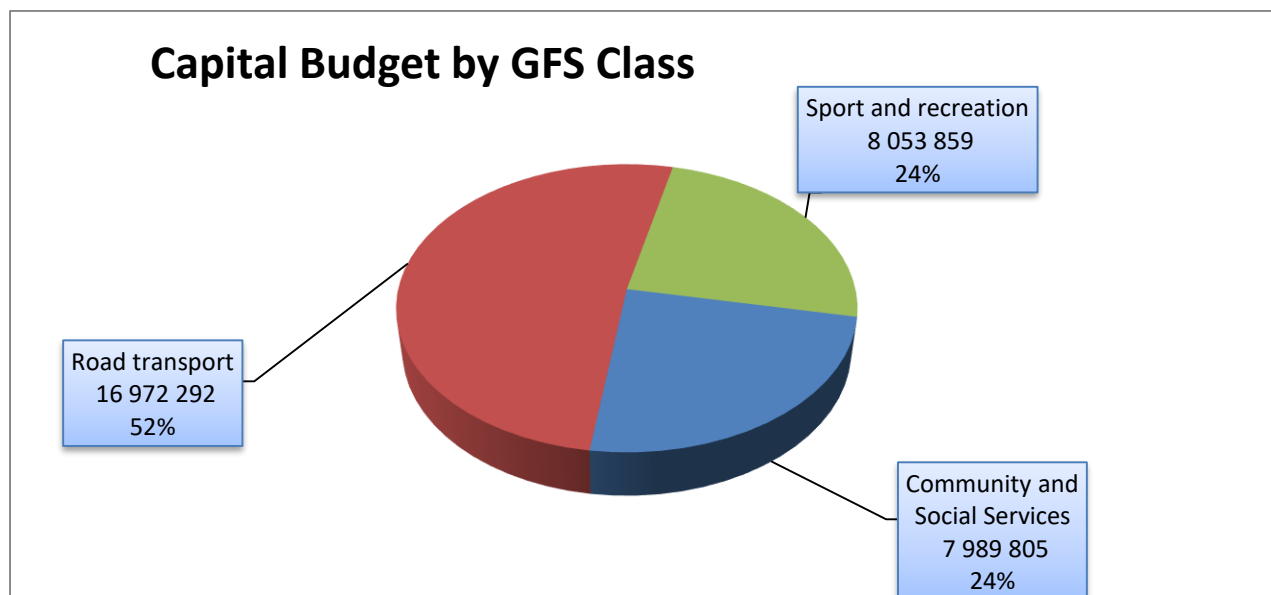
The 2020/21 Capital Budget has been estimated at R 33 015 957 exclusive of vat; and R 37 968 350 inclusive of vat. A graphical representation of the capital growth of the municipality can be portrayed as follows:



As depicted from the first above graph, the draft capital budget has decreased from R38.6 million in the adjustment budget to R 33 million for the upcoming financial year. The whole capital budget, is geared towards upgrading of rural as well as urban roads; construction of community facilities and sportsfields. The funding of the capital budget is outlined as follows; R25,1 million from MIG and R7,8 million from reserves.

Taking a broader spectrum of the second graph presented, it is clear that year on year the majority of Umdoni's Capital Budget is allocated under Technical Services Department. As Technical Services is a service delivery department, this shows Umdoni's commitment to providing infrastructure for sustainable continuity of municipal operations rather than spending in non- priority items.

Focus has been on the road networks, Community halls and Sports fields.

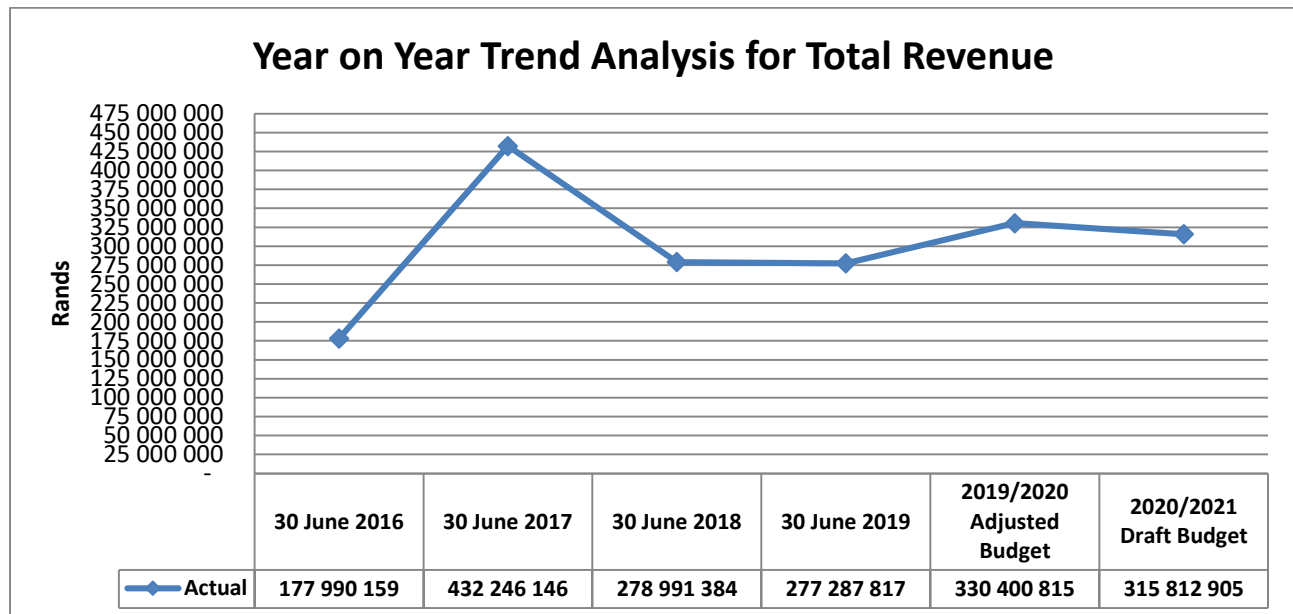


The above mentioned graph categorises the capital budget by GFS classification, with roads and stormwater receiving the largest allocation of 52%; Sport & Recreation 24%; Community and Social Services at 24%. Major functions delivering services to the communities have been allocated with higher proportions of the slice.

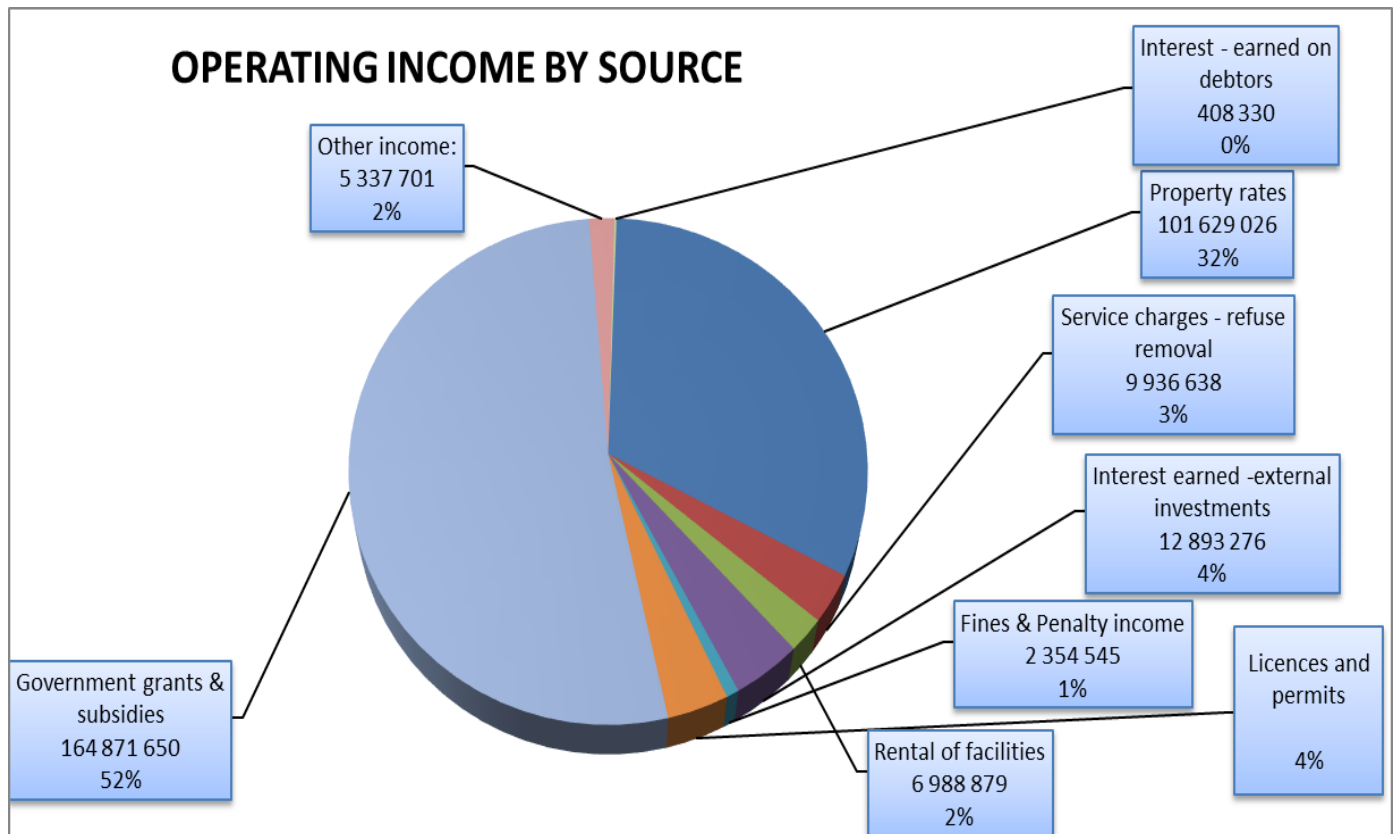
1.4.3 2020/21 OPERATIONAL BUDGET OVERVIEW

OPERATING REVENUE

The estimated operating income has been projected at R 315,8 million. An analysis of prior year trend levels of income is reflected below:



Income levels have been projected based on current actual collection levels and the 2020/21 budget indicates income levels which are realistic and attainable by the municipality. The impact of the global economic crisis as well as current inflation rates have been considered extensively during the establishment of these income levels, as a substantial amount of consumers will not be able to afford increases above the inflation.



Total Revenue in overall has decreased by the insignificant R 15,4 million as compared to the current financial year. In the current year, a portion from reserves is funding the operating expenditure. For the next year's budget, no funds from reserves funding operating expenditure. Only capital expenditure is funded by reserves. That has caused a major decrease in the income.

Property Rates

As indicated in the graph above, 32% of the income anticipated to be recognized by the municipality relates to property rates. Property rates have been increased by 4.90%. The effect of the rezoning on properties has been taken into account.

Grants and Subsidies

Included in the grants and subsidies is the equitable share allocation which has been calculated at R141 million, followed by R 2 million allocated for the Finance Management Grant, as well as R 9.3 million from the Departments of Arts and Culture(DSRAC) for library services. In addition, R 1.3 million has been allocated for the EPWP grant. The municipality has also been allocated an amount of R 8 million for INEP Grant and R 30.4 million for MIG. The Provincial Department of Human Settlements has provided funding to the municipality amounting to R 1,2 million for Title Deeds Restoration Programme. MIG grant is appropriated at R30,4 million. Grants and subsidies consists of 52% of the total revenue budget.

Service Charges

The service charges approximate 3% of the total revenue budget. Tariffs have been increased by 4.5% (CPI). The revenue from disposal facilities is estimated to increase in the upcoming year. The overall increase of this revenue source is 20.35%.

Other Revenue

This revenue source has in overall decreased (-77%) when compared to adjustment budget of 2019/20 due to funding from reserves which will not be utilized in the next financial year. The revenue sources classified under this type are still the same and the projections were made taking into account the current trends of revenue collections. This revenue source amounts to 2% of the total revenue budget.

Rental of Facilities

The rental of facilities approximates 2% of the total revenue budget. It has increased by 5.15% when compared to current year budget. The performance of the current year has been satisfactory hence the increment. The rentals from municipal properties and hire of halls are budgeted under this revenue source.

Fines & Penalty Income

Fines and Penalty Income amounts to 1% of the total revenue budget. The overall increase equates to 4.90%. Property rates penalties, fines issued by traffic department and library fines are budgeted under this revenue source. The level of collections has improved.

License and Permits

License and Permits approximates 4% of the total revenue budget. They have been increased by 29.68%. Driver's license and learner's license income is budgeted under this category. It is anticipated that more revenue will be collected by the municipality.

Interest Earned- External Investments

Interest Earned on External Investments equates to 4% of the total revenue budget. It has been increased by 4.90%, taking into account the fluctuations of balances in our investments accounts during the year.

Interest Earned- Outstanding Debtors

Interest Earned on Outstanding Debtors consists of a relatively small portion of the total revenue budget. As the debtors book is increasing, the projection for the next year has been increased by 9.99% when compared to the current year.

OPERATING EXPENDITURE

The total operating expenditure has been estimated at R 306,1 million. The graph below reflects the trend of expenditure levels as follows:

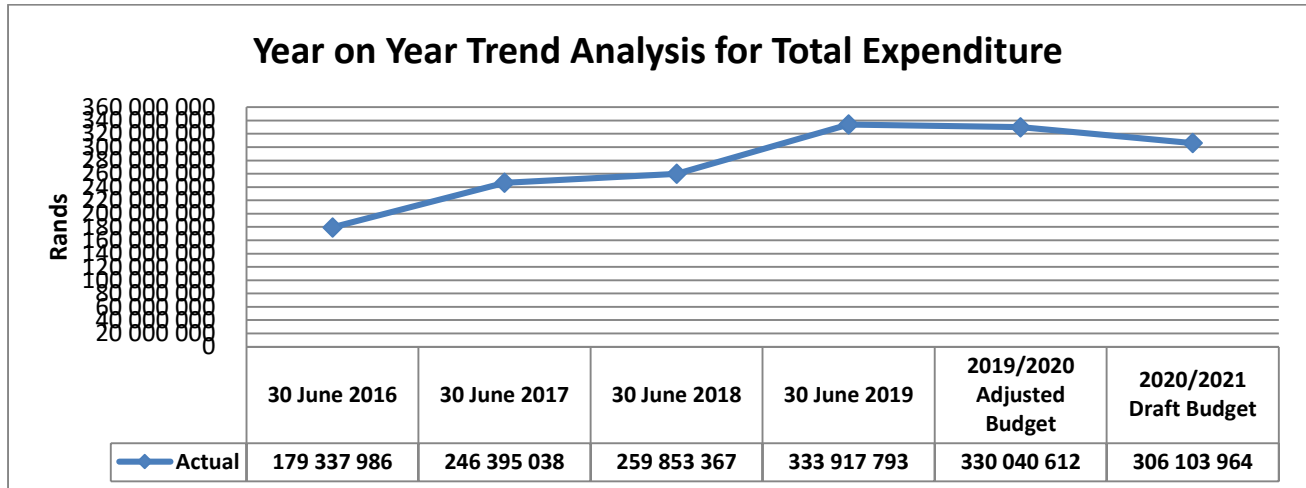
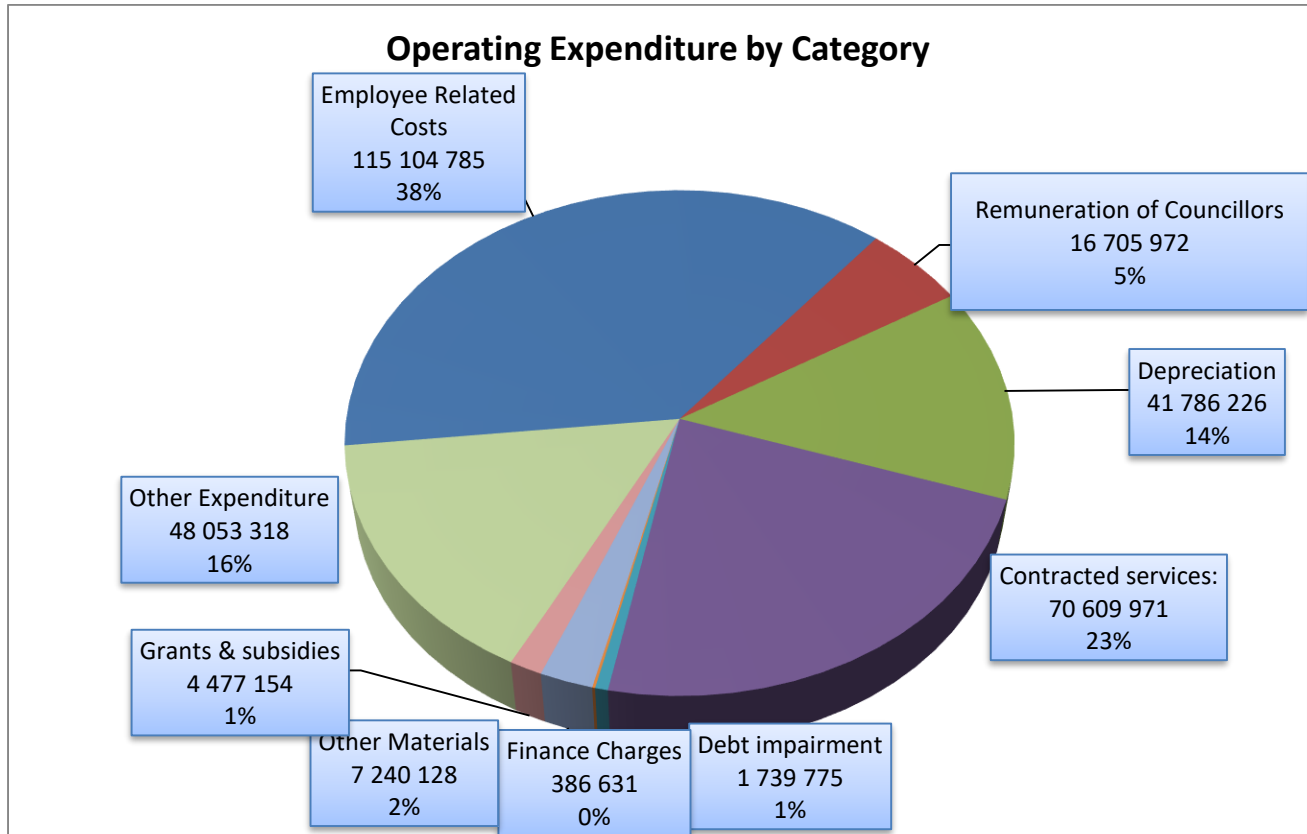


Table A4 Budgeted Financial Performance (revenue and expenditure) Increases/Decreases

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework				
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Adjusted Budget	2020/21 Increase/Decrease	Budget Year 2020/21	2021/22 Increase/Decrease	Budget Year +1 2021/22	2022/23 Increase/Decrease	Budget Year +2 2022/23
Expenditure By Type										
Employee related costs	74 751	84 578	103 293	107 677 931	6,90%	115 104 785	6,36%	122 421 145	6,04%	129 820 897
Remuneration of councillors	11 622	13 530	14 488	15 613 059	7,00%	16 705 972	7,00%	17 875 300	7,00%	19 126 667
Debt impairment	921	4 399	18 501	1 739 745	0,00%	1 739 775	4,80%	1 823 284	4,80%	1 910 892
Depreciation & asset impairment	36 171	40 087	56 678	40 774 070	2,48%	41 786 226	4,42%	43 632 942	4,45%	45 576 364
Finance charges	479	321	161	609 685	-36,59%	386 631	-1,41%	381 188	-1,19%	376 659
Bulk purchases	5 455	-	-	-	0,00%	0	0,00%	0	0,00%	0
Other materials			8 501	7 847 909	-7,74%	7 240 128	-2,41%	7 065 344	-2,09%	6 917 578
Contracted services	74 519	73 453	77 989	100 546 906	-29,77%	70 609 975	-0,14%	70 514 230	-0,97%	69 829 421
Transfers and subsidies	5 225	5 650	4 815	4 668 837	-4,11%	4 477 154	1,99%	4 566 116	2,18%	4 665 519
Other expenditure	41 381	37 835	48 236	50 562 470	-4,96%	48 053 318	-2,74%	46 738 891	-0,07%	46 707 617
Losses	1 326	-	1 257		0,00%		0,00%		0,00%	
Total Expenditure	251 850	259 853	333 918	330 040 612	-7,25%	306 103 964	2,91%	315 018 440	3,15%	324 931 615

Whilst our income base has been limited due to the current economic times, the day to day operational expenditure is increasing, which is attributable to inflationary increases and increased service delivery expectations. Operating expenditure has been reduced to a minimum to accommodate service delivery needs. The focus is to spend the limited income that we have on expenditure that matters, and improve the lives of the communities that we serve.

Expenditure on the Draft 2020/21 budget has been allocated as follows:



Employee Relates costs

The graph above shows that 38% of budgeted expenditure will be spent on Employee Related Costs. Salaries have been posing a huge problem for our Municipality in recent years. While income is being limited, which has decreased by 7.44%, employee costs have been increased on average by 6.25%, 7% and 7% for 2019/20, 2020/21 and 2021/22 financial years respectively. Contingencies have been provided for as the job evaluation is still pending. Only service delivery and critical compliance related positions will be filled. After taking into account the increment and the effect of night and shift allowance, the overall increase of the employee related costs when compared to current year is 6.9%.

Remuneration of Councillors

Councilor allowances have been set at the upper limit provided by COGTA. The increase on this category is kept at 7% as the gazette is not yet issued.

Other Expenditure

Other expenditure has been reduced to accommodate service delivery needs. In line with the cost containment measures and numerous circulars, various expenditure items have been reduced such as travelling, advertising, printing and stationery and consultants. As indicated above, no funding from reserves will be utilized to fund operating expenditure in the 2020/21 financial year. The overall decrease equates -4.96% when compared to the current year. Budgeted under this category is electricity and water usage, telephone bills, travelling expenditure, skills development levy, audit fees, fuel, protective clothing, payments to Department of Transport for driver's license cards, ward committee stipends, expenditure incurred towards indigent households etc.

Contracted Services

As part of Operating expenditure; the municipality has budgeted for contracted services. Included in the contracted services; is the budget Integrated National Electrification Programme (INEP) amounting to R 8 million; R 1,7 million for Shark Nets; R 1 million for swimming supervision; R 1.5 million for Accounting, Auditing and Valuation Roll Services. In addition to the above, R 2 million has been set aside for Planning & Development operational projects relating to town planning activities. Budget for the provision of gel amounts to R 499 275. The municipality has further, appropriated under the contracted services category; R 500 000 for the internal audit services. Furthermore, R 475 000 has been aside for Sport and Recreation projects. The municipality has also budgeted for; under this category, R 8.5 million towards security services; R 858 000 for legal costs and litigation under Corporate Services. Funds to repair refuse trucks have been set aside at R 1,3 million; R 5,4 million for the landfill site operation has been provided for. R800 000 has been appropriated for verge maintenance for the whole municipal area.

Repairs and Maintenance expenditure has been classified under contracted services as per the classification from the MSCOA Charts. A significant portion of the budget (R16.2 million) has been appropriated for repairs and maintenance of infrastructure. Included in the R16.2 million; R300 000 has been allocated for the repairs and Maintenance of the plant; R 1 million for gravel roads maintenance; R 1 million for provision of slurry seal; R 1 million for pothole patching 560 000 for Storm water opening; R800 000 for street light maintenance. Budget for the maintenance of Fire Equipment has been set aside at R882 000. The overall decrease of this expenditure category when compared to current year, is -29,77%. The municipality has noted that the budget for repairs and maintenance is below the norm, due to financial constraints.

Grants and Subsidies

The municipality has set aside funds; under the Grants and Subsidies category; The municipality has also provided for in the budget; R 475 000 towards the Skills Development Programme which is implemented through the Co-Ops. The municipality has also provided for in its budget, the Youth Programmes (Section 20 Schools) at R580 000; R275 000 has been allocated towards Youth Bursaries. Funds have been further appropriated

approximating R963 000 for UGU South Coast Tourism. Budget amounting to R 190 000 has provided for emergency relief expenses in the cases of disaster. This category has decreased by -4.11% when compared to the adjustment budget.

Depreciation and Asset Impairment

In compliance with the MFMA and budget circulars, the municipality has budgeted for the Depreciation and Asset Impairment at R 41.7 million. The increase equates to 2.48%. Budget for this item has been estimated after taking into account GRAP requirements and possible impairment losses and reversals there off. The impact of the renewals on roads infrastructure planned to take place in the next financial year has also been taken into account.

Debt Impairment

As part of the operating budget, the municipality has provided for debt impairment at R 1.7 million. The provision has been made to accommodate contributions to provisions of doubtful debtors. The provision for the new year has been slightly increased.

Finance Charges

The municipality has budgeted under this expenditure category the expenditure to be incurred for the finance charges of the pending finance leases still undergoing SCM processes. At this stage, lease agreements have not yet been signed. The substance of the lease is unknown at this stage; hence the provision is made. Finance Charges have decreased by -36.59%.

Other Materials

The municipality has under this item budgeted for printing and stationery and cleaning material (Inventory consumed) as required by MSCOA classification requirements. These items were previously categorized under general expenses. Other materials have been decreased by -7.74%.

1.5 2020/21 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK TABLES

Umdoni Municipality has tabled the 2020/21 annual budget in the format that is in accordance with the budget regulations, where possible, as follows:

- a) Budgeted Financial Performance Summary by Revenue Source and Expenditure Category for all Departments as reflected in Annexure 1;
- b) Budgeted Financial Performance - revenue and expenditure by municipal vote as reflected in Annexure 2;
- c) Budgeted Financial Performance - revenue and expenditure by GFS as reflected in Annexure 3;
- d) Budgeted Capital Expenditure by vote, GFS classification and funding as reflected in Annexure 4; and
- e) Budgeted Capital Expenditure by line item as reflected in Annexure 5
- f) A1 Schedule

The above, and all other budget related documents shall be submitted to Provincial and National Treasury.

1.6 TARIFF OF CHARGES – 2020/21 FINANCIAL YEAR

The tariff of charges for the upcoming financial year have been reviewed on an individual basis by all respective departments to be market reflective and are open to comments by both Councilors and Officials. The revised tariff of charges has been included in Annexure 6 for consideration by the public. Where increases were effected without revising the actual tariffs, these were, as far as possible limited to 4.5%.

1.7 PROPERTY RATES RANDAGES AND REBATES – 2020/21 FINANCIAL YEAR

Umdoni Municipality implemented the Municipal Property Rates Act for the first time for the 08/09 financial year. This resulted in a revaluation of all properties within the Umdoni area, and was aligned to market related values. With this valuation, came the implementation of a new rates policy, and applicable tariffs, rebates and relief to the poor.

The current economic situation has further increased the financial burden on households throughout the country and has contributed to the struggle of day to day living and job security and sustainability. In addition to this, with the latest amendments to the MPRA, municipalities need to phase out rating for Public Service Infrastructure over 4 years, a loss of substantial income for the municipality.

As a sphere of government, we are sensitive to the crisis that we face, and therefore we have accounted for an increased rate in the rates randages for the upcoming financial year. The municipality is implementing the new valuation roll which has been effective from the 01st July 2017

Therefore, for 2020/2021 financial year, we propose the rates randages and rebates as indicated below:

Category	20/21 Rates	19/20 Rates
	Randage	Randage
Residential	R0,01091	R 0.01044
Commercial / Business	R 0.01460	R 0.01397
Industrial / Mining & Quarries	R 0.01460	R 0.01397
Agricultural Farms and Smallholdings	R 0.00273	R 0.00261
State Owned Property	To be rated on usage	To be rated on usage
Public Service Infrastructure	R 0.00273	R 0.002261
Vacant Other	R 0.02720	R 0.02603

The rebates applied for the 2020/21 financial year;

	R
Residential (R 60,000 elective and 15,000 legislated)	75,000.00
Vacant Other	15,000.00
Disabled Persons/Pensioners/Indigent (Incl R 75000 above)	370,000.00
Medium to High Density level developments (Sectional Titles and Share blocks) 4% on rates due for the financial year	
Annual payments on or before a date to be determined - 2.5% of the net rates raised	



UMDONI MUNICIPALITY

DRAFT BUDGET DOCUMENTATION FOR THE 2020/21 BUDGET YEAR

PART 2 - SUPPORTING DOCUMENTATION

2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS

The budget process is guided by various legislative frameworks and regulations, including the Local Government Municipal Finance Management, No, 56 of 2003, the Municipal Systems Act, 2000 and the municipal Budget and Reporting Regulations

Adherence to these guidelines and regulations are imperative during the budget preparation to ensure an effective, credible and sustainable budget. The review of past practices and performance is further necessary, to identify areas of weakness which can be addressed, as well as maintain the level of performance in areas where this has been achieved.

The process embarked upon for the preparation of the 2020/21 budget can be illustrated below:



OVERVIEW OF THE ALIGNMENT OF THE BUDGET WITH THE IDP

The alignment of the budget to the integrated development plan is crucial in order to ensure the effectiveness of any budget. Various internal consultative sessions were held with Councilors and officials in order to determine the strategic priorities for the municipality in the upcoming financial year. Both the integrated development plan and the budget has incorporated these priorities and action plans, and therefore assisted in the alignment of both the budget and the integrated development plan.

2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organizational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

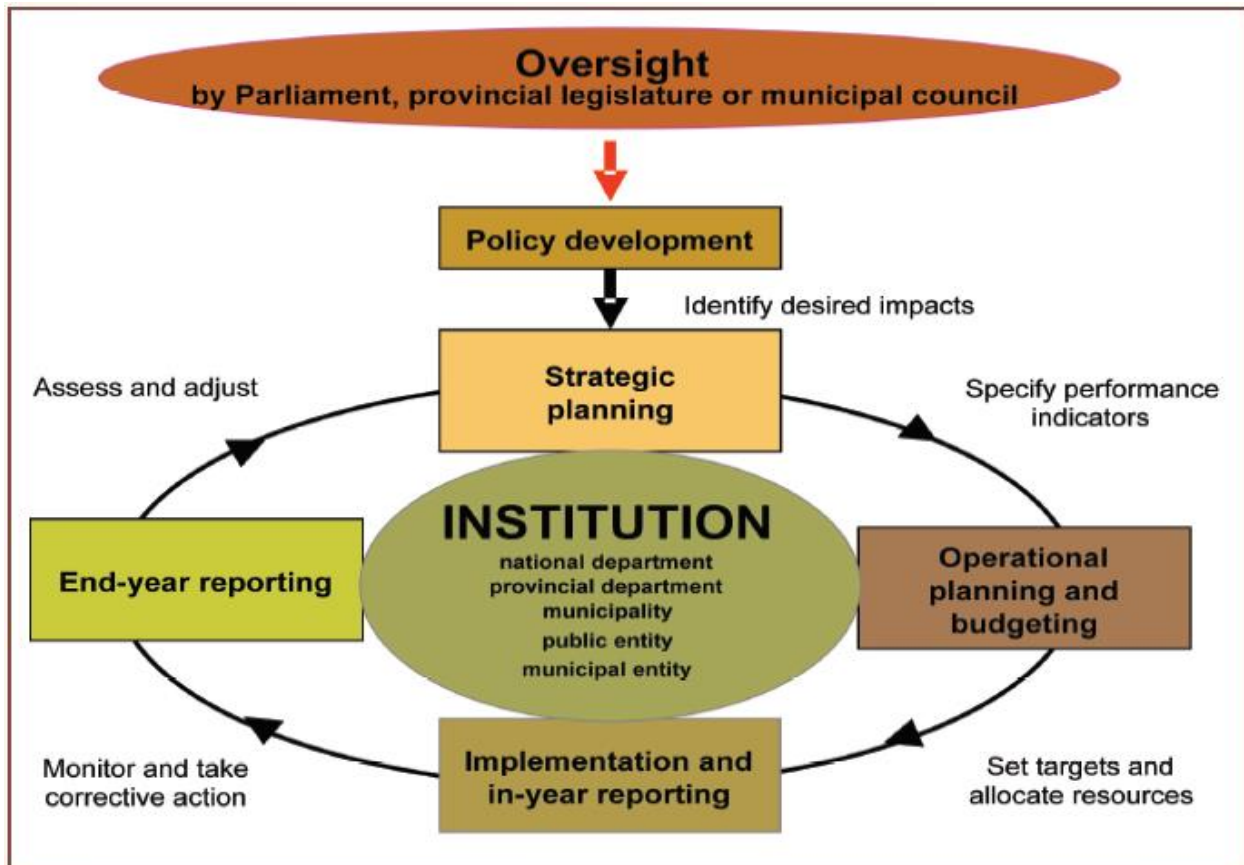


Figure 1 Planning, budgeting and reporting cycle

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore intends to adopt fully one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts to be used by the municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

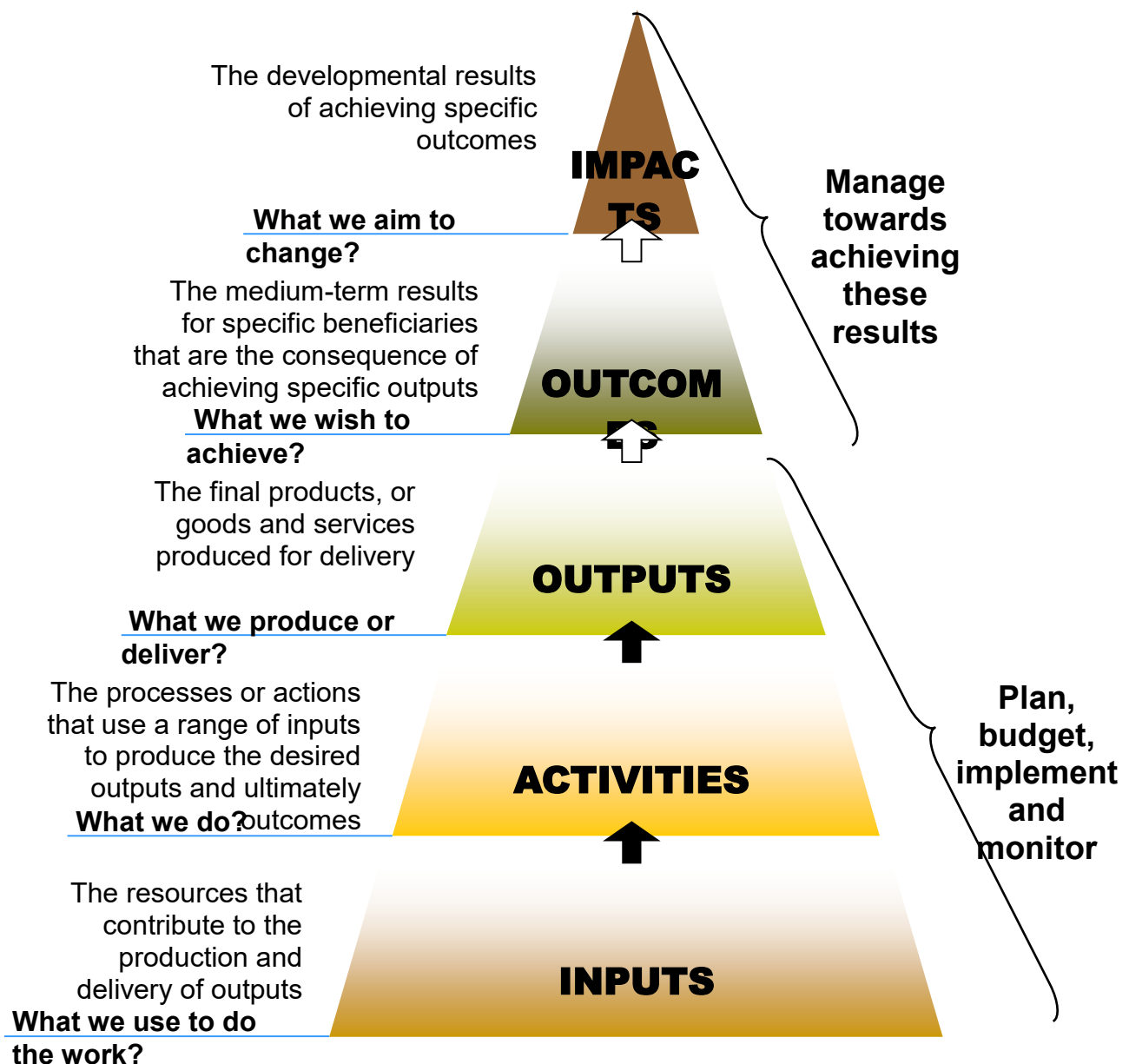


Table: Definition of performance information concepts

2.4 OVERVIEW OF THE BUDGET RELATED POLICIES

The budget related policies are currently under review and any comments or suggestions received during the public participation process will be considered.

2.5 OVERVIEW OF BUDGET ASSUMPTIONS

The budgeting assumptions that brace the 2020/21 budget preparation are as follows:

Revenue

- All revenue levels were based on current and past year actual trends, and therefore resulted in a realistic revenue base and kept in line with inflation as far as possible;
- Property rates tariffs were kept constant; and refuse removal increased by 4.5%
- All other income has increased minimally in order to maintain affordability and credibility taking into account the prevailing current trends. Major changes have effected on an item level for revenue sources when forecasting the revenue for fourth coming year.

Expenditure

- Expenditure levels were kept as low as possible whilst prioritizing service delivery
- The following areas were targeted in terms expenditure:
 - Councilors Allowances – this has been set at the upper limit provided by COGTA.
 - Employee related costs
 - General expenses
 - Repairs and maintenance
- Employee costs were budgeted at an estimated increase of 6.25% based on the collective agreement. As explained above measures were put in place to curb the growing employee related costs.
- Administrative costs were reduced.

External factors

“The 2018 Budget Review emphasised that, although global risk factors remain elevated, the World economy continues to provide a supportive platform for South Africa to expand trade and investment. The world economic growth is at its highest since 2014 and continues to gather pace with Gross Domestic Product (GDP) growth increasing across all major economies.

In South Africa, economic growth has continued to stagnate and weaknesses in the world economy are likely to amplify our own challenges. The discussion paper termed the Economic transformation, inclusive growth, and competitiveness released by the National Treasury has proposed a number of economic reforms that might boost GDP growth over the medium and longer term, and support increased investment and job creation. These measures have been broadly agreed on within government. The next step is to implement the reforms urgently. Nevertheless, the economy has continued to weaken with the economic growth projected to grow at 1.2 per cent in the 2020/21 financial year, while long term estimates have fallen prompting government to review its outer year's estimates.” MFMA budget circular 98.

General inflation outlook and its impact on the municipal activities

These are key factors that have been taken into consideration in the compilation of the 2019/20 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and

Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate which equals the CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (85 per cent) of annual billings. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtors' collection rate, tariff/rate pricing, real growth rate of the municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of approximately to 100 per cent is achieved on operating and capital expenditure for the 2020/21 MTREF of which performance has been factored into the cash flow budget.

Overview of budget funding

The budget is funded and as such the main table A7 for cash flow statement attest to that by reflecting positive net cash flows for budget year and the two outer years.

2.6 OVERVIEW OF MEDIUM TERM OUTLOOK: OPERATING REVENUE

The following table is a breakdown of the operating revenue over the medium-term:

Table 1 Breakdown of the operating revenue over the medium-term

KZN212 Umdoni - Table A1 Budget Summary

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousands										
Financial Performance										
Property rates	73 512	89 865	92 364	96 882	96 882	96 882	68 197	101 629	106 507	111 620
Service charges	8 554	8 837	9 929	8 256	8 256	8 256	6 547	9 937	10 414	10 915
Investment revenue	12 150	14 286	14 250	12 291	12 291	12 291	5 700	12 893	13 512	14 161
Transfers recognised - operational	140 182	140 586	134 611	162 511	170 922	170 922	115 261	164 872	175 076	200 408
Other own revenue	197 849	25 418	26 135	32 558	42 050	42 050	17 185	26 482	28 629	30 075
Total Revenue (excluding capital transfers and contributions)	432 246	278 991	277 288	312 498	330 401	330 401	212 889	315 813	334 138	367 178

2.6.1 Expenditure on grants and reconciliations of unspent funds

Table 2 MBRR SA19 - Expenditure on transfers and grant programmes

KZN212 Umdoni - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		21 644	131 390	138 660	152 758	160 546	160 546	154 262	165 345	175 381
Local Government Equitable Share		–	113 579	117 271	132 002	132 002	132 002	141 339	151 750	160 713
Integrated National Electrification Programme		8 000	8 000	14 000	15 000	22 788	22 788	8 000	10 000	11 000
Finance Management		3 835	4 245	4 115	3 000	3 000	3 000	2 000	2 000	2 000
EPWP Incentive		2 038	1 000	1 219	1 228	1 228	1 228	1 398	–	–
Municipal Systems Improvement		–	–	1 055	–	–	–	–	–	–
MIG		–	–	1 000	1 528	1 528	1 528	1 525	1 595	1 668
Municipal Democration Transition		7 771	4 566	–	–	–	–	–	–	–
Provincial Government:		9 435	6 200	10 194	9 753	10 753	10 753	10 610	9 731	10 014
Maintenance Grants - Sport Facilities		–	–	50	–	–	–	–	–	–
Libraries		4 509	6 200	9 144	9 003	9 003	9 003	9 338	9 731	10 014
Corridor Development Grant		–	–	–	–	–	–	–	–	–
Fresh Produce Market		–	–	–	–	–	–	–	–	–
Schemes Support Programme Grant		–	–	–	750	750	750	–	–	–
Spatial Development Framework Support Grant		–	–	1 000	–	1 000	1 000	–	–	–
Vulamehlo Municipality - Inherited		4 926	–	–	–	–	–	–	–	–
Municipal Democration Transition		–	–	–	–	–	–	1 272	–	–
Tittle deeds restoration programme		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
<i>[insert description]</i>		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
<i>[insert description]</i>		–	–	–	–	–	–	–	–	–
Total operating expenditure of Transfers and Grants		31 079	137 590	148 855	162 511	171 299	171 299	164 872	175 076	185 395
Capital expenditure of Transfers and Grants										
National Government:		39 647	47 722	30 638	29 150	29 150	29 150	28 968	31 287	32 963
Municipal Infrastructure Grant (MIG)		32 208	31 161	29 118	29 150	29 150	29 150	28 968	31 287	32 963
Libraries		–	–	265	–	–	–	–	–	–
Financial Management Grants		–	–	200	–	–	–	–	–	–
Municipal infrastructure Grants		–	–	1 055	–	–	–	–	–	–
Other capital transfers/grants [insert desc]		7 439	16 561	–	–	–	–	–	–	–
Provincial Government:		29 525	–	–	–	–	–	–	–	–
Disaster Recovery Grant		29 525	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
<i>Scottburgh CBD</i>		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
<i>[insert description]</i>		–	–	–	–	–	–	–	–	–
Total capital expenditure of Transfers and Grants		69 171	47 722	30 638	29 150	29 150	29 150	28 968	31 287	32 963
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		100 250	185 312	179 492	191 661	200 449	200 449	193 840	206 363	218 358

Table 3 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

KZN212 Umdoni - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		-			-	7 788	7 788	-	-	-
Current year receipts		132 514	141 109		152 758	152 758	152 758	152 737	163 750	173 713
Conditions met - transferred to revenue		132 514	141 109	-	152 758	160 546	160 546	152 737	163 750	173 713
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year		-	-	-	-	1 000	1 000	-	-	-
Current year receipts		9 495	6 141		9 753	9 753	9 753	10 610	9 731	10 014
Conditions met - transferred to revenue		9 495	6 141	-	9 753	10 753	10 753	10 610	9 731	10 014
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		142 009	147 250	-	162 511	171 299	171 299	163 347	173 481	183 727
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year								-	-	-
Current year receipts		35 870	31 161	-	29 150	29 150	29 150	30 493	32 882	34 631
Conditions met - transferred to revenue		35 870	31 161	-	29 150	29 150	29 150	30 493	32 882	34 631
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts		54 000	22 000							
Conditions met - transferred to revenue		54 000	22 000	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		89 870	53 161	-	29 150	29 150	29 150	30 493	32 882	34 631
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		231 879	200 411	-	191 661	200 449	200 449	193 840	206 363	218 358
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	-	-	-

2.6.2 COUNCILLOR AND EMPLOYEE BENEFITS

Table 5 - Supporting Table SA22 Summary councillor and staff benefit

KZN212 Umdoni - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		9 855	9 855	12 889	11 971	11 971	11 971	12 809	13 706	14 665
Pension and UIF Contributions		—	—	—	—	—	—	—	—	—
Medical Aid Contributions		—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance		1 771	1 771	—	1 999	1 999	1 999	—	—	—
Cellphone Allowance		1 188	1 188	1 598	1 643	1 643	1 643	1 758	1 881	2 013
Housing Allowances		—	—	—	—	—	—	—	—	—
Other benefits and allowances		97	97	—	—	—	—	2 139	2 289	2 449
Sub Total - Councillors		12 911	12 911	14 488	15 613	15 613	15 613	16 706	17 875	19 127
% increase	4	—	—	12,2%	7,8%	—	—	7,0%	7,0%	7,0%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		4 950	4 950	5 674	5 454	5 403	5 403	5 454	5 835	6 244
Pension and UIF Contributions		—	—	—	11	11	11	11	12	12
Medical Aid Contributions		—	—	—	—	—	—	—	—	—
Overtime		—	—	—	—	—	—	—	—	—
Performance Bonus		412	412	60	—	—	—	—	—	—
Motor Vehicle Allowance	3	—	—	—	204	204	204	204	218	234
Cellphone Allowance	3	233	233	34	55	55	55	55	59	63
Housing Allowances	3	—	—	—	—	—	—	—	—	—
Other benefits and allowances	3	16	16	785	1	1	1	1	1	1
Payments in lieu of leave		—	—	—	—	—	—	—	—	—
Long service awards		—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations	6	—	—	—	—	—	—	—	—	—
Sub Total - Senior Managers of Municipality		5 611	5 611	6 553	5 724	5 674	5 674	5 724	6 125	6 554
% increase	4	—	—	16,8%	(12,6%)	(0,9%)	—	0,9%	7,0%	7,0%
Other Municipal Staff										
Basic Salaries and Wages		46 511	67 711	73 222	77 139	69 960	69 960	76 266	81 676	86 693
Pension and UIF Contributions		8 291	15 590	10 826	10 833	10 641	10 641	10 673	11 209	11 726
Medical Aid Contributions		3 445	—	4 126	4 367	4 273	4 273	7 152	7 624	8 111
Overtime		2 619	2 618	4 972	7 057	4 311	4 311	4 733	4 613	4 934
Performance Bonus		—	—	—	5 238	5 734	5 734	6 233	6 640	7 055
Motor Vehicle Allowance	3	—	—	—	—	—	—	218	234	250
Cellphone Allowance	3	172	501	229	163	168	168	238	254	269
Housing Allowances	3	165	330	236	277	262	262	292	312	331
Other benefits and allowances	3	6 867	1 914	641	2 332	4 510	4 510	2 320	2 543	2 772
Payments in lieu of leave		—	4 151	2 489	1 208	1 208	1 208	1 123	1 045	972
Long service awards		—	157	—	3 568	937	937	132	148	155
Post-retirement benefit obligations	6	—	345	—	—	—	—	—	—	—
Sub Total - Other Municipal Staff		68 070	93 317	96 740	112 183	102 004	102 004	109 381	116 296	123 267
% increase	4	—	37,1%	3,7%	16,0%	(9,1%)	—	7,2%	6,3%	6,0%
Total Parent Municipality		86 592	111 840	117 781	133 520	123 291	123 291	131 811	140 296	148 948



2.7 ANNUAL BUDGET AND SDBIP's – Internal Departments

SDBIP Document is tabled as a separate document.

2.8 CAPITAL EXPENDITURE DETAILS

TABLE 15-MBRR- TABLE A9 ASSET MANAGEMENT

KZN212 Umdoni - Table A9 Asset Management

Description		Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
CAPITAL EXPENDITURE											
Total New Assets		1	18 220	56 648	19 871	23 869	9 674	9 674	28 547	-	-
Roads Infrastructure			-	43 845	1 100	-	134	134	12 504	-	-
Storm water Infrastructure			-	-	-	-	-	-	-	-	-
Electrical Infrastructure			-	-	250	-	-	-	-	-	-
Water Supply Infrastructure			-	-	30	-	-	-	-	-	-
Sanitation Infrastructure			-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure			-	-	-	-	-	-	-	-	-
Rail Infrastructure			-	-	-	-	-	-	-	-	-
Coastal Infrastructure			-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure			-	-	-	-	-	-	-	-	-
Infrastructure			-	43 845	1 380	-	134	134	12 504	-	-
Community Facilities			-	11 406	8 354	8 280	4 317	4 317	7 990	-	-
Sport and Recreation Facilities			-	-	169	4 805	1 739	1 739	8 054	-	-
Community Assets			-	11 406	8 523	13 085	6 056	6 056	16 044	-	-
Heritage Assets			-	-	-	-	-	-	-	-	-
Revenue Generating			-	-	-	-	-	-	-	-	-
Non-revenue Generating			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Operational Buildings			11 482	-	470	-	-	-	-	-	-
Housing			-	-	-	-	-	-	-	-	-
Other Assets			11 482	-	470	-	-	-	-	-	-
Biological or Cultivated Assets			-	-	-	-	-	-	-	-	-
Servitudes			-	-	-	-	-	-	-	-	-
Licences and Rights			-	862	-	-	-	-	-	-	-
Intangible Assets			-	862	-	-	-	-	-	-	-
Computer Equipment			-	-	254	1 038	964	964	-	-	-
Furniture and Office Equipment			2 186	-	1 483	124	227	227	-	-	-
Machinery and Equipment			1 073	-	3 857	4 415	823	823	-	-	-
Transport Assets			3 478	535	3 903	5 207	1 472	1 472	-	-	-
Land			-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals			-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets		2	52 511	-	34 118	3 244	12 874	12 874	4 469	-	-
Roads Infrastructure			52 511	-	18 918	3 244	12 612	12 612	4 469	-	-
Storm water Infrastructure			-	-	-	-	-	-	-	-	-
Electrical Infrastructure			-	-	-	-	-	-	-	-	-
Water Supply Infrastructure			-	-	-	-	-	-	-	-	-
Sanitation Infrastructure			-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure			-	-	-	-	-	-	-	-	-
Rail Infrastructure			-	-	-	-	-	-	-	-	-
Coastal Infrastructure			-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure			-	-	-	-	-	-	-	-	-
Infrastructure			52 511	-	18 918	3 244	12 612	12 612	4 469	-	-
Community Facilities			-	-	9 600	-	135	135	-	-	-
Sport and Recreation Facilities			-	-	5 600	-	128	128	-	-	-
Community Assets			-	-	15 200	-	262	262	-	-	-
Heritage Assets			-	-	-	-	-	-	-	-	-
Revenue Generating			-	-	-	-	-	-	-	-	-
Non-revenue Generating			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Operational Buildings			-	-	-	-	-	-	-	-	-
Housing			-	-	-	-	-	-	-	-	-
Other Assets			-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets			-	-	-	-	-	-	-	-	-
Servitudes			-	-	-	-	-	-	-	-	-
Licences and Rights			-	-	-	-	-	-	-	-	-
Intangible Assets			-	-	-	-	-	-	-	-	-
Computer Equipment			-	-	-	-	-	-	-	-	-
Furniture and Office Equipment			-	-	-	-	-	-	-	-	-
Machinery and Equipment			-	-	-	-	-	-	-	-	-
Transport Assets			-	-	-	-	-	-	-	-	-
Land			-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals			-	-	-	-	-	-	-	-	-

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Total Upgrading of Existing Assets	6	-	-	600	17 065	16 121	16 121	-	-	-
Roads Infrastructure		-	-	-	17 065	16 121	16 121	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	17 065	16 121	16 121	-	-	-
Community Facilities		-	-	550	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	550	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	50	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	50	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	70 731	56 648	54 589	44 178	38 670	38 670	33 016	-	-
Roads Infrastructure		52 511	43 845	20 018	20 309	28 867	28 867	16 972	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	250	-	-	-	-	-	-
Water Supply Infrastructure		-	-	30	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		52 511	43 845	20 298	20 309	28 867	28 867	16 972	-	-
Community Facilities		-	11 406	18 504	8 280	4 452	4 452	7 990	-	-
Sport and Recreation Facilities		-	-	5 769	4 805	1 867	1 867	8 054	-	-
Community Assets		-	11 406	24 273	13 085	6 318	6 318	16 044	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		11 482	-	520	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		11 482	-	520	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	862	-	-	-	-	-	-	-
Intangible Assets		-	862	-	-	-	-	-	-	-
Computer Equipment		-	-	254	1 038	964	964	-	-	-
Furniture and Office Equipment		2 186	-	1 483	124	227	227	-	-	-
Machinery and Equipment		1 073	-	3 857	4 415	823	823	-	-	-
Transport Assets		3 478	535	3 903	5 207	1 472	1 472	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		70 731	56 648	54 589	44 178	38 670	38 670	33 016	-	-

UMDONI MUNICIPALITY

DRAFT BUDGET DOCUMENTATION FOR THE 2020/21 BUDGET YEAR

ASSET REGISTER SUMMARY - PPE (WDV)	5	738 542	754 652	717 704	775 043	727 327	727 327	719 557	675 924	630 348
Roads Infrastructure		412 207	437 440	426 176	415 048	358 225	358 225	353 207	321 746	316 857
Storm water Infrastructure		-	-	-	1 270	88 155	88 155	79 555	60 414	69 955
Electrical Infrastructure		730	-	-	908	61	61	57	46	53
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		6 441	6 155	5 843	6 155	5 517	5 517	4 128	1 273	2 740
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		419 379	443 595	432 019	423 381	451 957	451 957	436 947	383 479	389 604
Community Assets		212 003	222 706	204 469	45 046	142 597	142 597	196 894	207 157	155 890
Heritage Assets		261	261	-	261	261	261	261	239	246
Investment properties		26 487	25 897	-	62 870	9 328	9 328	9 072	8 815	8 314
Other Assets		79 426	60 723	-	216 137	47 096	47 096	254	246	239
Biological or Cultivated Assets										
Intangible Assets		987	1 470	-	4 218	1 089	1 089	1 170	1 164	1 156
Computer Equipment		-	-	3 450	938	3 075	3 075	3 092	3 079	3 088
Furniture and Office Equipment		-	-	3 528	3 859	2 711	2 711	2 707	2 695	2 703
Machinery and Equipment		-	-	6 070	8 482	3 169	3 169	3 163	3 145	3 156
Transport Assets		-	-	11 463	9 833	9 339	9 339	9 294	9 200	9 248
Land		-	-	56 704	18	56 704	56 704	56 704	56 704	56 704
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	738 542	754 652	717 704	775 043	727 327	727 327	719 557	675 924	630 348
EXPENDITURE OTHER ITEMS		56 613	80 137	80 176	60 794	68 225	68 225	58 005	59 359	60 124
<u>Depreciation</u>	7	36 171	40 087	55 033	41 269	40 774	40 774	41 786	43 633	45 576
<u>Repairs and Maintenance by Asset Class</u>	3	20 442	40 050	25 143	19 525	27 451	27 451	16 219	15 726	14 547
Roads Infrastructure		20 442	29 549	-	8 335	13 358	13 358	7 545	7 182	6 836
Storm water Infrastructure		-	959	-	2 000	2 300	2 300	1 000	951	904
Electrical Infrastructure		-	-	-	530	1 531	1 531	749	1 092	696
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	6 300	1 000	-	-	-	-	-	-
Rail Infrastructure		-	1 552	6 500	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		20 442	38 360	7 500	10 865	17 189	17 189	9 294	9 225	8 436
Community Facilities		-	-	4 005	1 100	535	535	1 792	1 452	1 128
Sport and Recreation Facilities		-	1 690	1 637	575	784	784	311	326	342
Community Assets		-	1 690	5 642	1 675	1 319	1 319	2 104	1 778	1 470
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	7 182	1 441	2 887	2 887	801	762	726
Housing		-	-	199	-	-	-	-	-	-
Other Assets		-	-	7 381	1 441	2 887	2 887	801	762	726
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	11	-	-	-	-	-	-
Intangible Assets		-	-	11	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	4 394	1 626	1 626	1 726	1 648	1 579
Machinery and Equipment		-	-	4 574	1 055	3 730	3 730	1 667	1 716	1 769
Transport Assets		-	-	35	95	699	699	628	598	568
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		56 613	80 137	80 176	60 794	68 225	68 225	58 005	59 359	60 124

2.9 LEGISLATION COMPLIANCE STATUS

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the municipality's website.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document is yet still to be compiled and will be finalised after approval of the 2020/21 MTREF in May 2020 directly aligned and informed by the 2020/21 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. Policies
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.



2.10 OTHER SUPPORTING DOCUMENTS

Table 16 MBRR Table SA1 - Supporting detail to budgeted financial performance

UMDONI MUNICIPALITY

DRAFT BUDGET DOCUMENTATION FOR THE 2020/21 BUDGET YEAR

KZN212 Umdoni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		84 979	101 936	92 364	112 590	112 590	112 590	68 197	115 798	121 384	127 241
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		11 468	12 071		15 709	15 709	15 709	–	14 169	14 877	15 621
Net Property Rates		73 512	89 865	92 364	96 882	96 882	96 882	68 197	101 629	106 507	111 620
Service charges - electricity revenue	6										
Total Service charges - electricity revenue											
less Revenue Foregone (in excess of 50 kwh per indigent household per month)											
less Cost of Free Basis Services (50 kwh per indigent household per month)		0	0	0	0	0	0		0	0	0
Net Service charges - electricity revenue		(0)	(0)	(0)	(0)	(0)	(0)	–	0	0	0
Service charges - water revenue	6										
Total Service charges - water revenue											
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)											
less Cost of Free Basis Services (6 kilolitres per indigent household per month)		–	–	–	–	–	–		–	–	–
Net Service charges - water revenue		–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue											
Total Service charges - sanitation revenue											
less Revenue Foregone (in excess of free sanitation service to indigent households)											
less Cost of Free Basis Services (free sanitation service to indigent households)		–	–	–	–	–	–		–	–	–
Net Service charges - sanitation revenue		–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	6										
Total refuse removal revenue		8 554	8 837	9 929	8 864	8 864	8 864	7 155	10 545	11 055	11 591
Total landfill revenue											
less Revenue Foregone (in excess of one removal a week to indigent households)											
less Cost of Free Basis Services (removed once a week to indigent households)		–	–	–	608	608	608	608	608	641	676
Net Service charges - refuse revenue		8 554	8 837	9 929	8 256	8 256	8 256	6 547	9 937	10 414	10 915



2.11 MUNICIPAL MANAGER'S QUALITY CERTIFICATION

I, _____, Municipal Manager of UMDONI MUNICIPALITY, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act, No.56 of 2003 and, to the extent as indicated in the budget documents, the regulations made under this Act, and that the annual budget and supporting documentation are consistent with the Integrated Development Plan of the Municipality.

PRINT NAME:.....

MUNICIPAL MANAGER OF: UMDONI MUNICIPALITY.

SIGNATURE: _____

DATE: _____.